United Nations A/CONF.207/8/Add.1

International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

Distr.: General
14 January 2005

Original: English

Port Louis, Mauritius
10-14 January 2005

Item 8 of the agenda
Comprehensive review of the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

Round table one
The way forward: mobilizing resources for the further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

(Thursday, 13 January 2005, 3-6 p.m.)

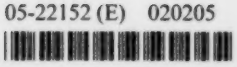
Summary of discussions prepared by the Co-Chairpersons

1. Round table one addressed the topic "The way forward: mobilizing resources for the further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States". The Panel was co-chaired by Owen Arthur, Prime Minister of Barbados, and Louis Michel, European Commissioner for Development and Humanitarian Affairs. The Under-Secretary-General for Economic and Social Affairs of the United Nations Secretariat moderated the discussion.

2. Twenty-five speakers, including presidents, prime ministers, ministers and senior officials of Governments, as well as heads of agencies and organizations and representatives of civil society, participated in the round-table discussions. Co-Chairman Arthur opened the meeting with an introductory statement and Co-Chairman Michel made concluding remarks. The present summary will be included as part of the official report of the International Meeting.

3. The round-table dialogue focused on key policy issues and measures that are considered critical to the mobilization of resources needed for the successful implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. The round table also considered other recent goals and commitments, including those contained in the Plan of Implementation of the World Summit on Sustainable Development, the Monterrey Consensus adopted by the International Conference on Financing for Development and the United Nations Millennium Declaration.

05-22152 (E) 020205



4. In general, participants were of the view that it was the primary responsibility of individual States, themselves, to implement the Programme of Action and other development strategies. However, the limited access of small island developing States to financial and technical resources required assistance from the international community. They noted with concern that, 10 years after the Global Conference on the Sustainable Development of Small Island Developing States, held in Barbados, implementation of its commitments had fallen far short of expectations, largely due to insufficient levels of financial support. This resource gap has exacerbated the implementation gap. The ecological, economic and social vulnerabilities of small island developing States and their lack of resilience to external shocks — whether caused by financial markets and globalization or by extreme weather events and natural disasters, such as the recent catastrophic earthquake and tsunami in the Indian Ocean or cyclone Heta in the Pacific and hurricane Ivan in the Caribbean — magnified the lack of capacity of most small island developing States to mobilize the necessary funding and technical expertise required to fully implement the Programme of Action.

5. Official development assistance flows to small island developing States have decreased dramatically since the adoption of the Programme of Action in 1994, in some cases by up to 50 per cent. At the same time, trade by small island developing States in international markets has decreased, resulting in extreme losses in their export earnings. It was noted that agricultural subsidies and military expenditures of developed countries amount to significantly more than the total ODA of all developing countries. Remittance flows from small island developing States citizens abroad, though an important and growing portion of external finance to many small island developing States, is restricted to the immigration policies of some developed countries.

6. It was noted that international capital markets can be an important source of external finance but are in many cases not effectively utilized by small island developing States because of inadequate understanding of how these markets work or lack of capacity to take full advantage of such markets. In order to access these markets, small island developing States must develop and exercise the financial discipline imposed by these markets. It was noted that foreign direct investment (FDI) is often exclusively guided by commercial rates rather than the needs of the receiving countries. Referring to the high and increasing debt burden of many small island developing States, it was suggested that debt cancellation could be a way of investing in global peace.

7. Trade as a longer-term and more sustainable source of resource mobilization was also highlighted. However, most small island developing States are too small to be competitive in international markets and require support in enhancing their competitiveness. Moreover, their share of global trade is too small for the failure of their economies to have any significant impact on the global economic system. Due to their remoteness and small markets, many small island developing States have great difficulties in attracting external financial resources, including from international financial institutions. It was urged that the rule-based multilateral trading system take into consideration the economic vulnerabilities of small island developing States and increase the scope for acceptance of small island developing States as a case for special treatment in the World Trade Organization and the ongoing Doha round of international trade negotiations. It was also mentioned that graduation of small island developing States from least developed country status

could lead to the erosion of market access preferences accompanying graduation, and that therefore that practice should be discouraged.

8. Many participants addressed the need for establishing an enabling domestic environment in small island developing States, including a business climate conducive to entrepreneurship and enterprise development. In most small island developing States, the private sector is underdeveloped and enterprises are not competitive. It was, in particular, noted that incentives for enterprise development, including access to finance on concessional terms, are insufficient to effectively stimulate the development and growth of such enterprises. Improving access to capital and credit, in particular, providing development financing and market development grants for small enterprises, accompanied by appropriate laws and regulatory instruments and infrastructure, could improve the situation.

9. Governments have an important responsibility to assist enterprise development and entrepreneurship, inter alia, through public and private partnerships, capacity-building and leading society into the new information age. Providing assistance to enterprises in economic sectors where small island developing States have competitive advantage, such as the tourist sector and cultural industries, could improve competitiveness of enterprise operations in these sectors. Funds should be made available for eco-tourism and mainstreaming the informal sector into the formal economy.

10. Many participants highlighted the critical importance of human resources development through education, training and capacity-building. Equality between women and men in education and training must be achieved to allow equal access to employment and career development. Several participants called for the establishment of multidisciplinary centres of excellence, including at the regional level, to take full advantage of the social capital available in small island developing States. Such centres could, inter alia, maintain a database on human resources and expertise available in small island developing States.

11. Many participants called for enhanced cooperation among small island developing States to maximize and better harness scarce resources. Regional and subregional cooperation is essential to success in natural disaster prevention and early warning. Regional organizations should support such efforts.

Recommended actions for further consideration

12. To overcome the challenges inherent in mobilizing resources for the implementation of the Programme of Action, participants in the round table recommended that attention be given to the following:

(a) At the international level:

- Focus on trade as a longer-term source for resource mobilization and assist small island developing States in opening their markets while maintaining their special status
- Examine immigration issues, which are tied to aid flows and trade, including free flows of goods and services in open markets
- Reform the insurance sector so that it can respond effectively to the unique circumstances of small island developing States following natural disasters,

including new ways of underwriting catastrophic risks, particularly those experienced in small island developing States

- Focus on partnerships for sustainable development, recognizing the role of the private sector
- Facilitate the promotion of cultural agents and their products, and ensure that small island developing States reap the benefits of their contributions to the global cultural industry
- Take measures to mitigate climate change, including ratification of the Kyoto Protocol
- Meet the agreed international ODA target of 0.7 per cent of gross domestic product
- Create a global trust fund for small island developing States that would include private and voluntary contributions
- Foster cooperation among small island developing States countries in the sharing of experience and lessons learned
- Consider cancellation of debt in the most heavily indebted countries

(b) At the regional level:

- Create regional multidisciplinary centres of excellence to provide access to capital, foster capacity-building, enable technology transfer and prevent brain drain
- Strengthen regional efforts to coordinate financing and pool regional expertise

(c) At the national level:

- Focus on the development of social capital and human resources
- Create enabling conditions which make entrepreneurship attractive and viable, including:
  - Creation of sound education policy
  - Provision of education and training
  - Support for research
  - Access to capital
  - Development of sound infrastructure in such sectors as transportation and health
- Create legal frameworks that support such enabling conditions and environments
- Continue to develop approaches that include stakeholder consultations and support national sustainable development strategies
- Increase political will to enable and strengthen local partnerships among communities, the private sector and government
- Focus on procedures to integrate, coordinate and maximize use of resources in tourism, agricultural and other service sectors
- Revisit tax schemes so that they foster development that sustains investment in systems that can create additional resources